

**GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:1204
ANSWERED ON:07.03.2002
INVESTOR EDUCATION AND PROTECTION FUND
PUTTASWAMY GOWDA;SADASHIVRAO DADOBA MANDLIK

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Government have created Investor Education and Protection Fund;
- (b) if so, the sources from which it is likely to be funded:
- (c) the criteria adopted for selection of committee and the broad rules for operating this fund; and
- (d) the time by when the fund is likely to become operational and the manner in which it will help the investors?

Answer

MINISTER OF LAW, JUSTICE & COMPANY AFFAIRS (SHRI ARUN JAITLEY)

(a) Yes, Sir.

(a) As per Section 205C (2) of the Companies Act, 1956, the following amounts which remained unclaimed and unpaid for a period of seven years from the date they become due for payment, will be credited to the Fund by the companies:

(a) Unpaid dividend.

(b) Unpaid application money received by the Companies for allotment of securities and due for refund.

(c) Unpaid Matured Deposit

(d) Unpaid Matured Debentures.

(e) Interest accrued on (a) to (d) .

b)

(i) Interest on unpaid dividend.

c)

(ii) Interest on unpaid application money received by Companies for allotment of securities and due for refund.

d)

(iii) Interest on unpaid matured deposits.

(iv) Interest on unpaid matured debentures.

(c) The Committee consists of ten members, excluding the Chairperson who is Secretary, to the Department of Company Affairs. The members are nominated by Reserve Bank of India, the Securities and Exchange Board of India and or from any other Ministry or Department of Central Government dealing with investor protection activities and experts from the field of investors' education and protection .

In exercise of powers conferred by clauses (a) & (b) of sub-section (1) of Section 642 of the Companies Act, 1956 (1 of 1956), read

with subsection 205C of that Act, the Central Government has made the Investor Education and Protection Fund Rules, 2001 vide Notification No.GSR 750 (E) dated 1st October, 2001 published in Gazette of India.

(d) The fund has become operational from 1.10.2001. Investors will be helped by educating them about investments, thus empowering them to make correct choices to the extent possible.